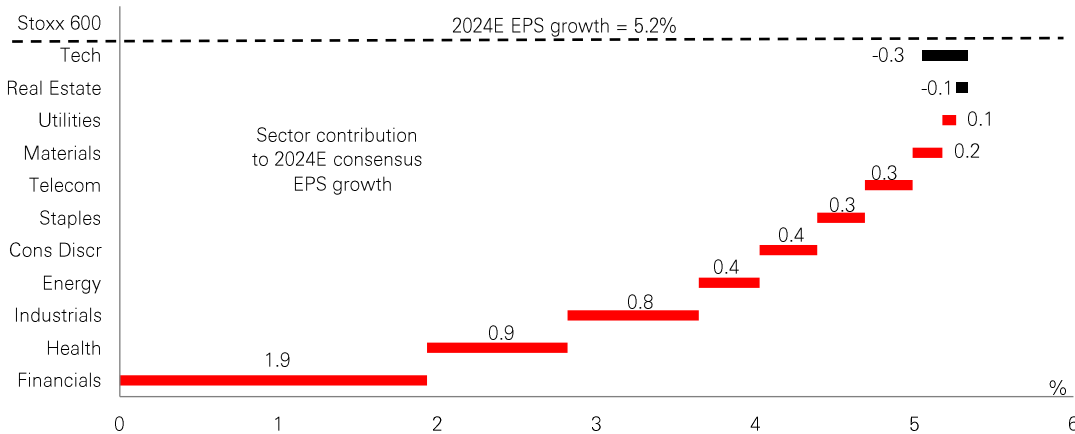


Investment Weekly

31 May 2024
For Professional Clients only.

Chart of the week – Euro 2024!



With Europe's Q1 earnings season drawing to a close – and more than 90% of stocks having now reported – the big picture is that the continent's corporates are materially beating consensus expectations. After consistently being on the back foot versus US peers post-Covid, European firms – and share prices – are feeling the effects of an improving macro environment and a rebound in earnings momentum. And, crucially, they also now face the prospect of a rate cut from the European Central Bank next week. The Stoxx Europe 600 index is up over 7% year-to-date.

The outlook for 2024 index earnings growth is currently just above 5%. Financials – which saw the most earnings 'beats' and highest upward revisions in Q1 – are forecast to contribute 40% of the growth this year. And with the sector's price-earnings ratio 30% below its own long-run average and double the normal discount to US peers, there is room for price gains. Meanwhile, technology, which has underpinned earnings growth in the US, is set to be a net drag on earnings growth in Europe this year. But there should be a turnaround in tech fortunes at the end of this year. Analysts expect this to push index EPS growth higher to match the US more closely at around 10% in 2025.

Overall, appealing valuations and the potential for a cyclical pickup offers some reasons to be confident. ECB cuts boost the appeal of small caps. **But the outlook remains dependent on Fed policy, which ultimately constrains the ECB. And it's hard to see a robust European recovery if US economic momentum falters.**

Japanese Equities →

Exploring the impact of a weaker yen on the Japanese stock market

Asia FX →

Why Asian currencies have been resilient against the strong US dollar

Market Spotlight

All eyes on securitised

Many areas of the corporate credit market are currently trading at historically tight spreads. But one investment grade asset class benefiting from higher rates yet still offering potential long-term value, is securitised credit.

As a largely floating rate asset, the coupons on securitised rose in 2022 and 2023 and have yet to meaningfully fall. As long as rates remain high, **the securities could continue to generate high income.** And while spreads have tightened during the last quarter, they remain close to the middle of the range since 2009 (excluding Covid).

Our Securitised Investments team tell us that recent tightening has been less significant in commercial mortgage-backed securities (CMBS). That's not surprising given the fragile outlook for commercial real estate. It means performance of CMBS has depended heavily on the profile of secured properties. Sectors like Life Sciences, Multifamily and Prime Offices that accommodate working from home, are expected to keep performing well. But secondary offices and secondary shopping malls face a more uncertain outlook – meaning that security selection is key. Against a backdrop of elevated rates and relatively modest spreads, we remain positive on the asset class.

Immigration Trends →

Why a rise in immigration could be boosting the US economy

Discover more in our
Q2 Global Investment Outlook

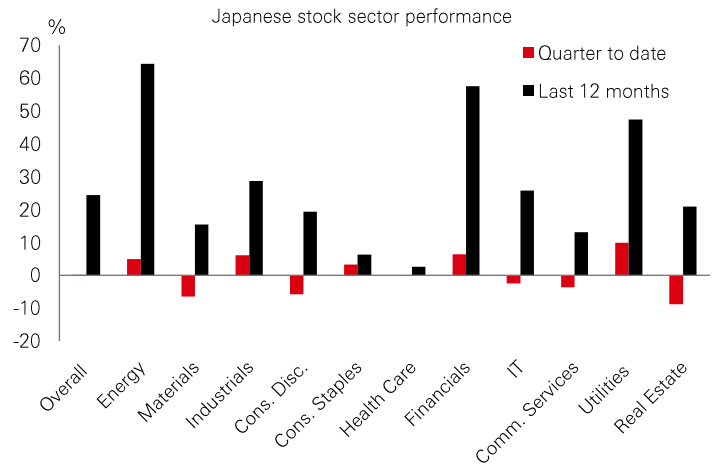
The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested. Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future. This information shouldn't be considered as a recommendation to buy or sell specific sector/stocks mentioned. Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way. HSBC Global Asset Management (UK) Limited accepts no liability for any failure to meet such forecast, projection, or target.

Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11.00am UK time 31 May 2024.

Japanese stocks slip

After rallying in Q1 2024, Japanese stocks have delivered a more subdued performance in Q2. A key reason has been weakness in the yen, which has fallen to multi-year lows against the US dollar. Historically, there has been a negative correlation between the yen and Japanese stocks because a weak currency tends to boost big exporters. But there are downsides too. Higher import costs have crimped the margins of domestic firms, notably in the energy and materials sectors. And after a period of strong international inflows, the weaker yen now risks being a deterrent to foreign investors.

Despite these frictions, the outlook for Japanese stocks is positive. Earnings growth has been resilient, helped by stronger regional trade flows and robust demand in sectors like technology. In May, Japan's manufacturing PMI survey moved into expansion territory for first time in a year. Ongoing corporate governance reforms also help. And in terms of valuation, Japan still trades at a discount to other DM markets like the US, which together with its growth outlook is why **it remains one of our favoured DM regions**.



Resilient Asian FX

Against the backdrop of a strong US dollar, emerging market Asia FX has proved to be relatively resilient this year. While countries across the region have responded to the pressure in different ways, the general picture is that Asian currencies have only seen modest weakness versus their major EM peers.

This resilience is down to several factors. One is that Asian economies have been in better shape to fend off FX stress than in the past. FX reserve adequacy ratios and basic balances have been bolstered, and balance of payments risks are more manageable. Asian central banks have also had a wider range of policy tools at their disposal to curb excessive one-sided FX moves without needing to deplete their FX reserves.

Key risks remain, particularly given the wide rate differentials with the US and the potential for prolonged dollar strength. But our view is that the **dollar could soften later this year as Fed rate cuts come closer into view**, and that could benefit Asian currencies. A cyclical recovery in Asia's export cycle, particularly in high-technology industries, also provides some upside potential.

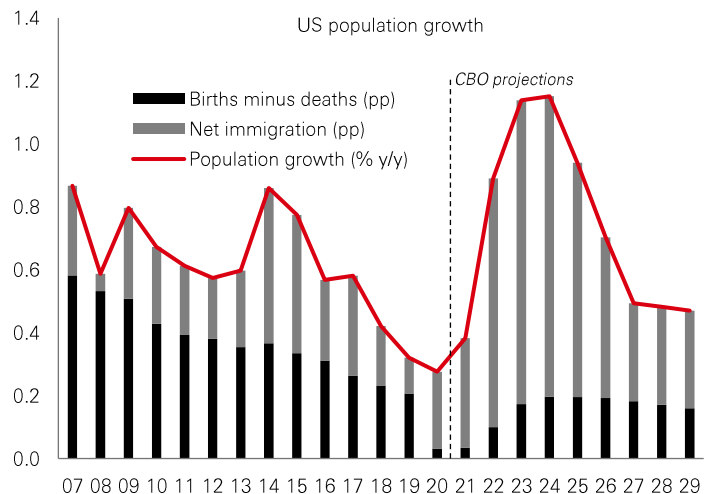


Immigration and the golden path

When trying to explain recent US economic resilience, one overlooked factor may have been the impact of a significant increase in US immigration last year. Recent estimates from the Congressional Budget Office (CBO) suggest that net immigration was 3.3m last year, up from 2.7m in 2022 and 1.2m in 2021, and well above the 900k average between 2010 and 2019.

Population growth is an easy way to guarantee higher rates of economic growth – look at India today. But importantly, an increase in the size of the labour force **helps keep a lid on wage demands and thus underlying inflation pressures**. This is a key tenet of our golden path scenario which incorporates other positive supply-side shocks such as a pickup in productivity growth, or benign geopolitics and subdued commodity prices – typically good news for markets.

The CBO expects another strong year of population growth in 2024. But beyond that, political pressure may mean immigration levels are likely to taper off no matter who occupies the White House.



Past performance does not predict future returns.

Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11.00am UK time 31 May 2024.



Asset class views

Our baseline macro scenario is for a soft-ish landing, involving a slowdown in growth and further disinflation. But the data flow is likely to remain bumpy and the outlook remains uncertain. Risk asset valuations are stretched in many areas. That means that any deterioration in corporate fundamentals could create market volatility. A defensive positioning in portfolios remains appropriate, which includes selective exposures to fixed income, risk assets, and private markets.

House view represents a 12-month investment view across major asset classes in our portfolios.

	Asset Class	-	View	+	Comments	
Macro Factors	Global growth	■	■	■	■	A defensive positioning in investment portfolios remains appropriate given optimistic market expectations versus a lingering risk of macro disappointment or weakness. We prefer to access the growth factor in laggard regions, such as Asia and emerging markets
	Duration	■	■	■	■	Robust growth and inflation data have put upward pressure on yields so far in H1. Carry remains appealing and, in adverse economic outcomes, there is scope for strong returns in global duration. We favour the US and UK curves
	Emerging Markets	■	■	■	■	The outlook for EMs is bolstered by China policy support feeding through to the real economy, eventual Fed easing, and a growth premium versus the West. Disinflation is an ongoing process, especially in Latam and Europe, allowing EM central banks to lead the cutting cycle
Bonds	10yr US Treasuries	■	■	■	■	Yields have ground higher over the course of H1, driven by resilient growth and inflation data. However, growth could disappoint expectations in H2, meaning investors price in more cuts. We anticipate yield curve steepening by the end of the year
	EMD Local	■	■	■	■	EM local-currency bonds have performed well. Proactive central banks in Latam and Europe are leading the global cutting cycle, although some hesitancy has crept in given uncertainty over future Fed cuts. We remain overweight Brazil, Indonesia, Mexico, Peru and South Africa
	Asia Local	■	■	■	■	The medium-term outlook is stable, supported by a solid macro backdrop in the region, with some markets, such as Indonesia, India and Korea, benefiting from high carry. A potential delay in monetary policy easing amid fading optimism over US rate cuts could cause short-term volatility
Credits	Global Credit	■	■	■	■	Global credit is expensive with most non-financial spreads at near-cyclical tights. Financials, particularly banks, look attractive but less so than they were at the start of 2024. All-in yields continue to support inflows, helping long duration corporate credit
	Global High-Yield	■	■	■	■	Valuations are expensive with spreads falling sharply in recent months. The market prices a global soft landing. But the tight spreads in HY are offset by a high 'all-in' yield. And corporate fundamentals are not a source of concern
	Asia Credit	■	■	■	■	Valuations are expensive as spreads approach historic tights. The rising chance of a US soft landing mitigates the risk of material spread widening. Economic resilience within Asia, plus China policy action, support the regional credit market outlook
	EMD Hard Currency Bonds	■	■	■	■	EM credit spreads could benefit as the Fed moves towards cutting rates, but this prospect has already driven a re-rating of the asset class. Spreads are at historic tights and it is difficult to see further compression, although we remain cyclically-constructive
Equities	DM Equities	■	■	■	■	Investor sentiment is buoyed by confidence in the soft landing, and leadership from quality growth. But as investor perceptions shift, the market is discounting a lot of good news. Risks of an adverse surprise are rising, even if an imminent growth collapse looks unlikely
	EM Equities	■	■	■	■	The EM growth outlook is a relative bright spot in a global context, with disinflation and the prospect of Fed rate cuts being supportive. Stock and currency market valuations remain undemanding. Idiosyncratic trends within EMs imply scope for portfolio diversification too
	Asia ex Japan	■	■	■	■	Asia is a strong performer year-to-date. Chinese policy activism is rebuilding investor confidence in the market. India fundamentals are supportive, with strong EPS growth, despite elevated valuations. Korea and Taiwan continue to benefit from the upswing in the semiconductor cycle
Alternatives	Global Private Equity	■	■	■	■	With tighter financial conditions raising the cost of leverage, PE funds may face challenges in delivering consistently strong returns. However, increasing economic headwinds can create attractive entry points for longer-term investors. The investment case is about alpha, not beta
	Global Real Estate	■	■	■	■	In a more benign macro environment, real estate sub-sectors with a more secure income profile and lower leverage should outperform. Following recent price corrections driven by higher interest rates, there may be opportunities for value-add or opportunistic strategies to acquire at a low base
	Infrastructure Debt	■	■	■	■	Infrastructure debt currently offers stronger expected returns than global credits, and experiences lower spread volatility during economic slowdowns. It has strong defensive attributes, offers inflation-linked cash flows and benefits from thematic drivers such as the green transition

Past performance does not predict future returns.

Source: HSBC Asset Management. Data as at 11.00am UK time 31 May 2024.



Key Events and Data Releases

This week

Date	Country	Indicator	Data as of	Actual	Prior	Comment
Mon. 27 May	US/UK	US Memorial Day and UK Spring bank holiday. Financial markets closed				
Tue. 28 May	US	Conference Board Consumer Confidence Index	May	102.0	97.5	Consumer confidence rebounded in May, the first rise since January, but remained within the range seen since early 2022
	US	S&P Case Shiller House Price Index, 20 major cities (mom)	Mar	0.3%	0.6%	Supply constraints have ensured US house prices have continued to rise in the face of high mortgage rates and weak demand
Thu. 30 May	US	GDP (qoq annualised)	Q1	1.3%	1.6%	Q1 GDP was revised down modestly, driven by softer consumer spending. Pre-tax corporate profits fell modestly on a qoq basis
	US	Pending Home Sales (mom)	Apr	-7.7%	3.6%	US pending home sales fell in April as higher mortgage rates weighed on demand
	JP	Tokyo CPI ex fresh food & energy (yoy)	May	1.7%	1.8%	Tokyo core inflation edged down in May, reflecting softer service sector inflation, although this should prove short-lived
	JP	Industrial Production (mom)	Apr	-0.1%	4.4%	Industrial production surprised on the downside in April but this was due to one-off factors and should prove temporary
Fri. 31 May	CN	Official Manufacturing PMI	May	49.5	50.4	China's official manufacturing PMI dipped back into contraction territory in May, driven by weaker new orders
	EZ	CPI (yoy)	May (P)	2.6%	2.4%	Inflation surprised on the upside in May, driven by stronger services price increases
	IN	GDP (yoy)	Q1	-	8.4%	A base effect from a strong Q1 2023 should weigh on yoy growth, but the underlying demand remains strong
	US	Core PCE Deflator (yoy)	Apr	-	2.8%	Inflation was uncomfortably strong in early 2024, but CPI and PPI data suggest month-on-month core PCE will moderate in April

P – Preliminary, Q – Quarter CN – China, EZ – Eurozone, IN – India

The week ahead

Date	Country	Indicator	Data as of	Survey	Prior	Comment
Sat. 1 June	IN	Indian General Election	Jun			The final phase of voting finishes on June 1st with the result announced on June 4th. The BJP party is expected to retain power
Sun. 2 June	MX	Mexican Presidential Election	Jun			Opinion polls suggest Claudia Sheinbaum, the candidate for the incumbent Morena-PT-PVEM party, will achieve a comfortable victory
Mon. 3 June	CN	Caixin Manufacturing PMI	May	51.6	51.4	The Caixin manufacturing PMI has increased gradually during 2024 as global headwinds have faded
	IN	HSBC Manufacturing PMI	May	-	58.4	India's manufacturing PMI is running at an elevated level
	US	ISM Manufacturing index	May	49.7	49.2	The ISM manufacturing index could rebound in May, taking a lead from the bounce in the preliminary S&P manufacturing PMI
	MX	S&P Global Manufacturing PMI	Jun	-	49.2	Mexico's S&P global manufacturing PMI should improve in May after dropping into contractionary territory in April
Tue. 4 June	BR	GDP (qoq)	Q1	0.7%	0.0%	Brazil's GDP looks set to rebound in early 2024, driven by firmer domestic demand amid rising business confidence
Wed. 5 June	CN	Bank of Canada Interest Rate Decision	Jun	4.75%	5.00%	The Bank of Canada looks likely to cut rates 25bp to 4.75% in June following recent downward inflation surprises
	US	ISM Services index	May	51.0	49.4	The rebound in the preliminary S&P Global US services PMI suggests the ISM equivalent should return to expansion territory in May
Thu. 6 June	EZ	ECB interest rate decision	Jun	3.75%	4.00%	The ECB is expected to cut rates by 25bp in June. ECB President Lagarde is unlikely to commit to a timetable for further easing given sticky service sector inflation and wage growth
Fri. 7 June	CN	Trade Balance (USD bn)	May	71.5	72.4	Chinese exports should be supported by improving external demand whilst continued soft domestic demand may constrain imports
	IN	Reserve Bank of India Interest Rate Decision	Jun	6.50%	6.50%	The RBI is expected to remain on hold in June, awaiting further progress on disinflation before easing, probably in late 2024
	US	Change in Non-Farm Payrolls (000s)	May	180	175	Payrolls growth slowed in April and business surveys suggest some further moderation is likely in the coming months

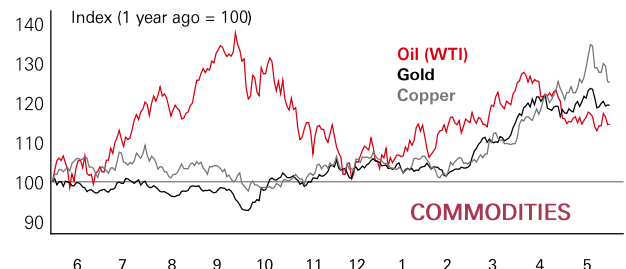
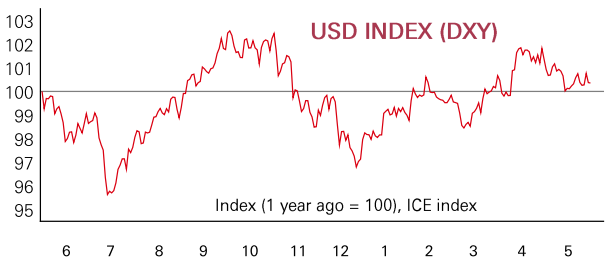
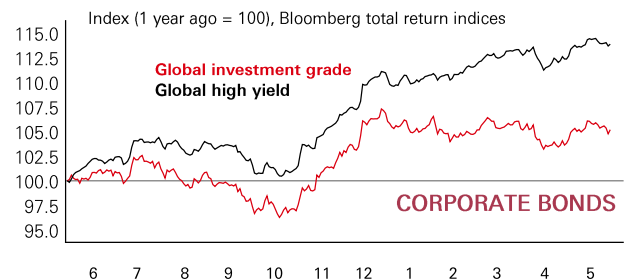
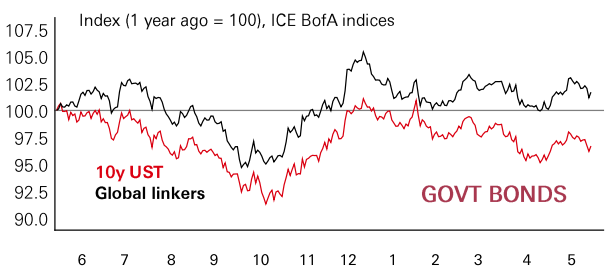
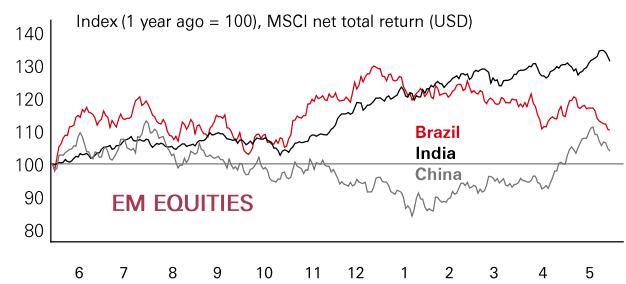
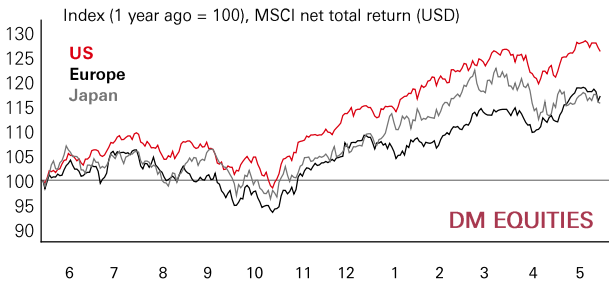
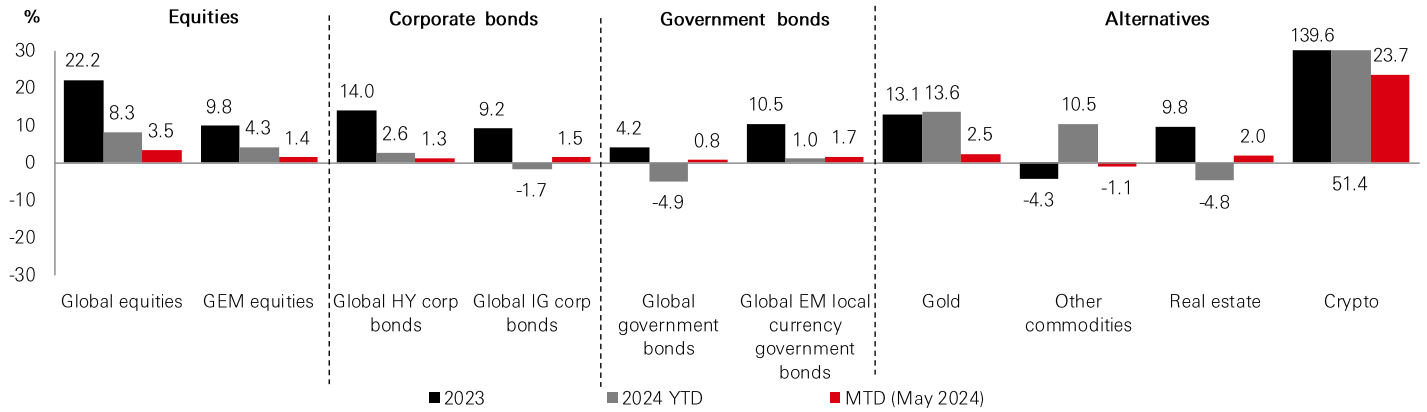
P – Preliminary, Q – Quarter IN – India, MX – Mexico, EZ – Eurozone, CN – China, BR – Brazil

Source: HSBC Asset Management. Data as at 11.00am UK time 31 May 2024.

This week

Hawkish Fed comments weighed on risk markets this week. Core government bonds sold off modestly with markets factoring in only one 25bp funds rate cut this year as investors await the European Central Bank council meeting. The DXY US dollar index consolidated. US equities saw widespread weakness with the interest rate-sensitive Russell 2000 underperforming. The Euro Stoxx 50 fell, led by weaker tech stocks. Japan's Nikkei 225 was also on the defensive as supply concerns and interest rate worries weighed on JGBs. In EM, the Shanghai Composite traded sideways despite China's official manufacturing PMI dipping back into negative territory in May. India's Sensex dropped amid caution ahead of the outcome of the general election. In commodities, oil prices were steady ahead of the OPEC+ meeting. Copper weakened on disappointing Chinese data, and gold moved sideways.

Selected asset performance



Past performance does not predict future returns

Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11.00am UK time 31 May 2024.



Market data

Equity Indices	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
World									
MSCI AC World Index (USD)	781	-1.3	3.2	2.6	20.8	7.4	798	628	18.3
North America									
US Dow Jones Industrial Average	38,111	-2.5	0.8	-2.3	15.8	1.1	40,077	32,327	18.8
US S&P 500 Index	5,235	-1.3	4.0	2.7	25.3	9.8	5,342	4,104	21.4
US NASDAQ Composite Index	16,737	-1.1	6.9	4.0	29.4	11.5	17,033	12,544	30.1
Canada S&P/TSX Composite Index	22,072	-1.1	1.6	3.3	12.8	5.3	22,555	18,692	15.2
Europe									
MSCI AC Europe (USD)	565	-0.9	3.6	4.5	16.2	5.9	576	459	14.1
Euro STOXX 50 Index	4,979	-1.1	1.2	2.1	18.0	10.1	5,122	3,993	13.9
UK FTSE 100 Index	8,250	-0.8	1.3	8.1	10.8	6.7	8,474	7,216	12.0
Germany DAX Index*	18,472	-1.2	3.0	4.5	17.9	10.3	18,893	14,630	13.3
France CAC-40 Index	7,966	-1.6	-0.2	0.5	12.2	5.6	8,259	6,774	14.1
Spain IBEX 35 Index	11,310	0.6	4.2	13.1	25.0	12.0	11,386	8,879	11.2
Italy FTSE MIB Index	34,468	-0.1	2.1	5.8	32.3	13.6	35,474	26,000	9.3
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	550	-2.0	2.1	4.8	9.9	4.1	573	469	14.3
Japan Nikkei-225 Stock Average	38,488	-0.4	0.2	-1.7	24.6	15.0	41,088	30,488	22.0
Australian Stock Exchange 200	7,702	-0.3	0.5	0.0	8.6	1.5	7,911	6,751	17.0
Hong Kong Hang Seng Index	18,080	-2.8	1.8	9.5	-0.8	6.1	20,361	14,794	9.0
Shanghai Stock Exchange Composite Index	3,087	-0.1	-0.6	2.4	-3.7	3.8	3,322	2,635	11.4
Hang Seng China Enterprises Index	6,393	-3.2	1.9	12.6	3.7	10.8	7,024	4,943	8.4
Taiwan TAIEX Index	21,174	-1.8	3.8	11.6	27.7	18.1	21,937	15,976	18.9
Korea KOSPI Index	2,637	-1.9	-2.1	-0.2	2.3	-0.7	2,779	2,274	10.4
India SENSEX 30 Index	73,947	-1.9	-0.7	2.0	18.1	2.4	76,010	62,359	21.0
Indonesia Jakarta Stock Price Index	6,971	-3.5	-3.6	-4.7	5.1	-4.2	7,454	6,563	13.0
Malaysia Kuala Lumpur Composite Index	1,597	-1.4	1.3	2.9	15.1	9.8	1,633	1,369	14.4
Philippines Stock Exchange PSE Index	6,433	-2.8	-4.0	-7.4	-0.7	-0.3	7,071	5,920	10.9
Singapore FTSE Straits Times Index	3,337	0.6	1.3	6.2	5.6	3.0	3,393	3,042	10.7
Thailand SET Index	1,346	-1.4	-1.6	-1.8	-12.3	-5.0	1,579	1,330	14.7
Latam									
Argentina Merval Index	1,643,011	8.0	24.1	61.9	380.3	76.7	1,644,118	338,676	9.9
Brazil Bovespa Index*	122,707	-1.3	-2.6	-4.9	13.3	-8.6	134,392	108,193	7.7
Chile IPSA Index	6,639	-2.0	2.0	2.9	21.3	7.1	6,838	5,363	10.9
Colombia COLCAP Index	1,404	-0.3	3.4	10.2	27.7	17.5	1,451	1,045	7.4
Mexico S&P/BMV IPC Index	55,353	-0.1	-2.4	-0.1	5.0	-3.5	59,021	47,765	12.7
EEMEA									
Russia MOEX Index	3,244	-4.5	-6.5	-0.4	19.4	4.7	3,522	2,628	N/A
South Africa JSE Index	77,225	-2.4	1.5	6.2	2.9	0.4	80,214	69,128	10.5
Turkey ISE 100 Index*	10,649	-0.3	6.0	15.8	117.9	42.6	11,088	4,868	5.2

*Indices expressed as total returns. All others are price returns.

Equity Indices - Total Return	1-week Change (%)	1-month Change (%)	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Global equities	-1.3	3.5	3.2	8.3	22.9	15.5	72.7
US equities	-1.3	4.0	2.8	9.9	26.9	26.3	101.1
Europe equities	-0.8	4.3	6.2	7.8	19.5	10.2	49.4
Asia Pacific ex Japan equities	-2.0	2.4	5.5	5.0	12.8	-15.7	24.8
Japan equities	-0.5	0.0	-1.9	5.7	17.1	6.1	42.1
Latam equities	-2.0	-2.3	-4.7	-9.4	13.6	13.5	14.8
Emerging Markets equities	-2.3	1.4	4.4	4.3	13.3	-16.8	20.1

All total returns quoted in USD terms and subject to one-day lag.

Data sourced from MSCI AC World Total Return Index, MSCI USA Total Return Index, MSCI AC Europe Total Return Index, MSCI AC Asia Pacific ex Japan Total Return Index, MSCI Japan Total Return Index, MSCI Emerging Latin America Total Return Index, and MSCI Emerging Markets Total Return Index

Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period.

Past performance does not predict future returns.

Source: HSBC Asset Management. Bloomberg. Data as at 11.00am UK time 31 May 2024.



Market data

Bond indices - Total Return	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAgg (Hedged in USD)	556	-0.3	0.7	-0.1	3.0	-0.9
JPM EMBI Global	857.3	-0.2	1.7	1.5	9.6	1.0
BarCap US Corporate Index (USD)	3171.8	-0.3	1.4	0.1	4.0	-1.5
BarCap Euro Corporate Index (Eur)	245.9	-0.1	0.2	0.6	5.2	-0.2
BarCap Global High Yield (Hedged in USD)	583.8	0.0	1.1	2.0	14.0	3.1
Markit iBoxx Asia ex-Japan Bond Index (USD)	216.7	-0.2	1.3	1.0	5.2	1.4
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	248	-0.2	2.0	3.6	13.0	8.2

Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period.

Currencies (vs USD)	Latest	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2023	52-week High	52-week Low	1-week Change (%)
Developed markets									
EUR/USD	1.08	1.08	1.07	1.08	1.07	1.10	1.13	1.04	0.0
GBP/USD	1.27	1.27	1.25	1.26	1.24	1.27	1.31	1.20	-0.1
CHF/USD	1.10	1.09	1.09	1.13	1.10	1.19	1.20	1.08	0.9
CAD	1.36	1.37	1.38	1.36	1.36	1.32	1.39	1.31	0.1
JPY	157	157	158	150	139	141	160	137	-0.2
AUD/USD	0.66	0.66	0.65	0.65	0.65	0.68	0.69	0.63	0.3
NZD/USD	0.61	0.61	0.59	0.61	0.60	0.63	0.64	0.58	0.1
Asia									
HKD	7.82	7.81	7.82	7.83	7.83	7.81	7.85	7.79	-0.1
CNY	7.24	7.24	7.24	7.19	7.11	7.10	7.35	7.06	0.0
INR	83.5	83.1	83.4	82.9	82.7	83.2	83.6	81.7	-0.5
MYR	4.71	4.71	4.77	4.74	4.61	4.59	4.81	4.50	0.1
KRW	1386	1369	1382	1331	1326	1291	1400	1257	-1.2
TWD	32.5	32.3	32.6	31.6	30.8	30.6	32.7	30.5	-0.7
Latam									
BRL	5.20	5.17	5.19	4.97	5.06	4.85	5.29	4.70	-0.7
COP	3866	3873	3922	3926	4448	3875	4427	3739	0.2
MXN	17.0	16.7	17.1	17.1	17.7	17.0	18.5	16.3	-2.0
ARS	894	891	877	842	239	808	895	240	-0.4
EEMEA									
RUB	90.2	89.6	93.5	91.2	81.3	89.5	102.4	80.5	-0.7
ZAR	18.8	18.4	18.8	19.2	19.7	18.4	19.7	17.4	-2.1
TRY	32.2	32.2	32.4	31.2	20.8	29.5	32.8	20.8	0.0

Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2023	1-week basis point change*
US Treasury yields (%)							
3-Month	5.37	5.40	5.39	5.38	5.39	5.33	-2
2-Year	4.95	4.95	5.04	4.62	4.40	4.25	0
5-Year	4.58	4.53	4.72	4.24	3.75	3.85	6
10-Year	4.56	4.47	4.68	4.25	3.64	3.88	9
30-Year	4.68	4.57	4.78	4.38	3.86	4.03	11
10-year bond yields (%)							
Japan	1.06	1.00	0.87	0.70	0.43	0.61	6
UK	4.38	4.26	4.35	4.12	4.18	3.53	12
Germany	2.70	2.58	2.58	2.41	2.28	2.02	12
France	3.18	3.06	3.05	2.88	2.85	2.56	13
Italy	4.00	3.89	3.91	3.84	4.08	3.69	11
Spain	3.43	3.34	3.35	3.29	3.33	2.98	9
China	2.32	2.31	2.31	2.35	2.71	2.56	0
Australia	4.41	4.31	4.42	4.14	3.61	3.96	10
Canada	3.70	3.60	3.82	3.49	3.19	3.11	10

*Numbers may not add up due to rounding.

Commodities	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	
Gold	2,342	0.4	2.4	14.6	19.3	13.5	2,450	1,811
Brent Oil	81.2	-1.1	-5.9	0.8	16.0	6.3	91	69
WTI Crude Oil	77.7	0.0	-4.4	2.0	18.6	8.0	86	66
R/J CRB Futures Index	293.0	-0.4	0.5	6.5	15.4	11.1	300	254
LME Copper	10,116	-2.0	1.2	19.1	25.1	18.2	11,105	7,856

Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.

Source: HSBC Asset Management. Bloomberg. Data as at 11.00am UK time 31 May 2024.

For Professional Clients and intermediaries within countries and territories set out below; and for Institutional Investors and Financial Advisors in the US. This document should not be distributed to or relied upon by Retail clients/investors.

The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. The capital invested in the fund can increase or decrease and is not guaranteed. The performance figures contained in this document relate to past performance, which should not be seen as an indication of future returns. Future returns will depend, inter alia, on market conditions, fund manager's skill, fund risk level and fees. Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries and territories with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries and territories in which they trade. Mutual fund investments are subject to market risks, read all scheme related documents carefully.

The contents of this document may not be reproduced or further distributed to any person or entity, whether in whole or in part, for any purpose. All non-authorized reproduction or use of this document will be the responsibility of the user and may lead to legal proceedings. The material contained in this document is for general information purposes only and does not constitute advice or a recommendation to buy or sell investments. Some of the statements contained in this document may be considered forward looking statements which provide current expectations or forecasts of future events. Such forward looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. We do not undertake any obligation to update the forward-looking statements contained herein, or to update the reasons why actual results could differ from those projected in the forward-looking statements. This document has no contractual value and is not by any means intended as a solicitation, nor a recommendation for the purchase or sale of any financial instrument in any jurisdiction in which such an offer is not lawful. The views and opinions expressed herein are those of HSBC Asset Management at the time of preparation, and are subject to change at any time. These views may not necessarily indicate current portfolios' composition. Individual portfolios managed by HSBC Asset Management primarily reflect individual clients' objectives, risk preferences, time horizon, and market liquidity. Foreign and emerging markets. Investments in foreign markets involve risks such as currency rate fluctuations, potential differences in accounting and taxation policies, as well as possible political, economic, and market risks. These risks are heightened for investments in emerging markets which are also subject to greater illiquidity and volatility than developed foreign markets. This commentary is for information purposes only. It is a marketing communication and does not constitute investment advice or a recommendation to any reader of this content to buy or sell investments nor should it be regarded as investment research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of its dissemination. This document is not contractually binding nor are we required to provide this to you by any legislative provision.

All data from HSBC Asset Management unless otherwise specified. Any third party information has been obtained from sources we believe to be reliable, but which we have not independently verified.

HSBC Asset Management is the brand name for the asset management business of HSBC Group, which includes the investment activities that may be provided through our local regulated entities. HSBC Asset Management is a group of companies in many countries and territories throughout the world that are engaged in investment advisory and fund management activities, which are ultimately owned by HSBC Holdings Plc. (HSBC Group). The above communication is distributed by the following entities:

- ◆ In Argentina by HSBC Global Asset Management Argentina S.A., Sociedad Gerente de Fondos Comunes de Inversión, Agente de administración de productos de inversión colectiva de FCI N°1;
- ◆ In Australia, this document is issued by HSBC Bank Australia Limited ABN 48 006 434 162, AFSL 232595, for HSBC Global Asset Management (Hong Kong) Limited ARBN 132 834 149 and HSBC Global Asset Management (UK) Limited ARBN 633 929 718. This document is for institutional investors only, and is not available for distribution to retail clients (as defined under the Corporations Act). HSBC Global Asset Management (Hong Kong) Limited and HSBC Global Asset Management (UK) Limited are exempt from the requirement to hold an Australian financial services license under the Corporations Act in respect of the financial services they provide. HSBC Global Asset Management (Hong Kong) Limited is regulated by the Securities and Futures Commission of Hong Kong under the Hong Kong laws, which differ from Australian laws. HSBC Global Asset Management (UK) Limited is regulated by the Financial Conduct Authority of the United Kingdom and, for the avoidance of doubt, includes the Financial Services Authority of the United Kingdom as it was previously known before 1 April 2013, under the laws of the United Kingdom, which differ from Australian laws;
- ◆ in Bermuda by HSBC Global Asset Management (Bermuda) Limited, of 37 Front Street, Hamilton, Bermuda which is licensed to conduct investment business by the Bermuda Monetary Authority;
- ◆ in Chile: Operations by HSBC's headquarters or other offices of this bank located abroad are not subject to Chilean inspections or regulations and are not covered by warranty of the Chilean state. Further information may be obtained about the state guarantee to deposits at your bank or on www.sbf.cl;
- ◆ in Colombia: HSBC Bank USA NA has an authorized representative by the Superintendencia Financiera de Colombia (SFC) whereby its activities conform to the General Legal Financial System. SFC has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Colombia and is not for public distribution;
- ◆ in Finland, Norway, Denmark and Sweden by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Stockholm branch of HSBC Global Asset Management (France), regulated by the Swedish Financial Supervisory Authority (Finansinspektionen);
- ◆ in France, Belgium, Netherlands, Luxembourg, Portugal, Greece by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026);
- ◆ in Germany by HSBC Global Asset Management (Deutschland) GmbH which is regulated by BaFin (German clients) respectively by the Austrian Financial Market Supervision FMA (Austrian clients);
- ◆ in Hong Kong by HSBC Global Asset Management (Hong Kong) Limited, which is regulated by the Securities and Futures Commission. This video/content has not been reviewed by the Securities and Futures Commission;
- ◆ in India by HSBC Asset Management (India) Pvt Ltd. which is regulated by the Securities and Exchange Board of India;
- ◆ in Italy and Spain by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Italian and Spanish branches of HSBC Global Asset Management (France), regulated respectively by Banca d'Italia and Commissione Nazionale per le Società e la Borsa (Consob) in Italy, and the Comisión Nacional del Mercado de Valores (CNMV) in Spain;
- ◆ In Malta by HSBC Global Asset Management (Malta) Limited which is regulated and licensed to conduct Investment Services by the Malta Financial Services Authority under the Investment Services Act
- ◆ in Mexico by HSBC Global Asset Management (Mexico), SA de CV, Sociedad Operadora de Fondos de Inversión, Grupo Financiero HSBC which is regulated by Comisión Nacional Bancaria y de Valores;
- ◆ in the United Arab Emirates, Qatar, Bahrain & Kuwait by HSBC Global Asset Management MENA, a unit within HSBC Bank Middle East Limited, U.A.E Branch, PO Box 66 Dubai, UAE, regulated by the Central Bank of the U.A.E. and the Securities and Commodities Authority in the UAE under SCA license number 602004 for the purpose of this promotion and lead regulated by the Dubai Financial Services Authority. HSBC Bank Middle East Limited is a member of the HSBC Group and HSBC Global Asset Management MENA are marketing the relevant product only in a sub-distributing capacity on a principal-to-principal basis. HSBC Global Asset Management MENA may not be licensed under the laws of the recipient's country of residence and therefore may not be subject to supervision of the local regulator in the recipient's country of residence. One of more of the products and services of the manufacturer may not have been approved by or registered with the local regulator and the assets may be booked outside of the recipient's country of residence.
- ◆ in Peru: HSBC Bank USA NA has an authorized representative by the Superintendencia de Banca y Seguros in Perú whereby its activities conform to the General Legal Financial System - Law No. 26702. Funds have not been registered before the Superintendencia del Mercado de Valores (SMV) and are being placed by means of a private offer. SMV has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Perú and is not for public distribution;
- ◆ in Singapore by HSBC Global Asset Management (Singapore) Limited, which is regulated by the Monetary Authority of Singapore. The content in the document/video has not been reviewed by the Monetary Authority of Singapore;
- ◆ in Switzerland by HSBC Global Asset Management (Switzerland) AG. This document is intended for professional investor use only. For opting in and opting out according to FinSA, please refer to our website; if you wish to change your client categorization, please inform us. HSBC Global Asset Management (Switzerland) AG having its registered office at Gartenstrasse 26, PO Box, CH-8002 Zurich has a licence as an asset manager of collective investment schemes and as a representative of foreign collective investment schemes. Disputes regarding legal claims between the Client and HSBC Global Asset Management (Switzerland) AG can be settled by an ombudsman in mediation proceedings. HSBC Global Asset Management (Switzerland) AG is affiliated to the ombudsman FINOS having its registered address at Talstrasse 20, 8001 Zurich. There are general risks associated with financial instruments, please refer to the Swiss Banking Association ("SBA") Brochure "Risks Involved in Trading in Financial Instruments";
- ◆ in Taiwan by HSBC Global Asset Management (Taiwan) Limited which is regulated by the Financial Supervisory Commission R.O.C. (Taiwan);
- ◆ in the UK by HSBC Global Asset Management (UK) Limited, which is authorised and regulated by the Financial Conduct Authority;
- ◆ and in the US by HSBC Global Asset Management (USA) Inc. which is an investment adviser registered with the US Securities and Exchange Commission.

NOT FDIC INSURED ◆ NO BANK GUARANTEE ◆ MAY LOSE VALUE

Copyright © HSBC Global Asset Management Limited 2024. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of HSBC Global Asset Management Limited.

Content ID: D019518; EXP 30.11.2024